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THE EFFECTS

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NEW TARIFF

ON

THE UPPER CANADA TRADE.

That the new Tariff, now under the consideration of Parliament, is sectional in its tendency and inimical to the interests of Upper Canada, must be obvious to every one possessing the smallest acquaintance with the trade of the country. The determined advocacy with which it meets from the lower section, and the counter anxiety and alarm with which it is viewed by the whole commercial community of the Upper Province, affords, perhaps, the best index to the extent of the injustice that will be inflicted upon Upper Canadians should the proposed Tariff become law. The attempt to force, by legislation, the trade of any locality out of its legitimate channel, or the purpose of furthering the interests of some other less favored locality, would at any time be regarded as impolitic and unjust; but the attempt to force the whole trade of Upper Canada into Montreal, for the exclusive benefit of a few importing merchants of that city, by a manifestly unfair imposition of customs duties, as now proposed, is an act of injustice that must meet with the censure and condemnation of every intelligent man.

That this will be the effect, if it be not the avowed object of Mr. Galt's Tariff, no one, who is uninfluenced by Montreal interests, will be disposed to deny. And that such a result would prove in the last degree disastrous to Upper Canada is equally indisputable. Let us look at the facts of the case.

At the present time our trade is chiefly with New York. Out of a total value of \$5,305,235 of the four chief articles of consumption—tea, sugar, coffee and molasses—imported into Canada in 1858, no less than \$3,709,359 worth, or considerably over two thirds of the whole, were imported through the United States. The whole of this amount must have been purchased in the United States market. This of itself affords us a proof that the legitimate market of Canada—that is the best, cheapest and most convenient, with her present commercial capacity, is to be found in New York. The trade of a country will always regulate itself in this respect, if not distorted by undue influences and restrictions; and it is simply in the natural order of events that the Upper Canadian merchant finds it to his interest to deal in this great commercial mart of the United States. The reason is obvious enough: it is the largest, and consequently the best market on the continent—the center of trade of upwards of thirty millions of people. Here our merchants find, at every season of the year, immense assortments of every commodity of consumption. They may here select, from every variety and growth, precisely the description of goods they may require for their own market. They may purchase in any quantity, from a few hogsheads of sugar or a hundred chests of tea, to the whole cargo, with equal facility and advantage; the market is open to them at all seasons of the year; they import without risk, and in fact enjoy all the numberless advantages derivable from a large, steady, and well-assorted market. Besides these paramount considerations, there are of course business relationships necessarily established between our merchant and the New York houses, by long intercourse in trade that it would be impossible to dissolve at a moment's notice, without inflicting incalculable injury upon the weaker party. In short, by all the laws of trade, by all the bonds of commercial intercourse, and all the considerations of public and private interests, New York is, and must continue to be for many years to come, the chief trading mart of Canada, as it is of the whole of the northern continent.

To suppose that Montreal can legitimately compete with New York, as a primary market, even for the trade of Canada, is simply absurd. Neither Boston, Philadelphia, nor even New Orleans, have yet been able to do it for their own States, and there is little hope that such a revolution can take place in favor of Montreal.

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With not more than three or four merchants with a sufficient capital to import their teas and sugars from the place of growth, and with her navigation closed for six months in the year, she would be able to command neither an assortment of commodities nor a certainty of supply. The idea is of itself too far fetched to admit of serious consideration.

But, in the face of this, Mr. Galt's Tariff practically declares, that either this commercial law, which now regulates the trade of Upper Canada, shall be nullified in favor of Montreal, or that a difference of duty of forty to fifty per cent. against the Upper Canadian Merchant shall be imposed upon every pound of sugar, tea, or coffee he chooses to import from his proper market. This is its practical effect; for as our purchases are all made, and *must* be made in the New York Market, by the *ad valorem* principle now proposed, the difference of duty paid by the Upper Canadian Merchant will be equal to the difference of price at the place of growth and New York, which will not be over estimated if placed at from forty to fifty per cent. However Mr. Galt may attempt to garnish it over, this is the simple, practical fact, and no amount of sophistry or argument can undermine it.

"But," says Mr. Galt, "the merchants of Toronto have the same privileges afforded them as those of Montreal. They may import through New York in bond, direct from the place of growth: the Montreal merchant can do no more." This may sound very well in theory, but in practice it is entirely fallacious.

Montreal has two especial advantages over Toronto—that of physical position, and of superior capital. Her position gives her the command of two streams of trade—the one from the east and the other from the westward. Toronto has no such advantage. The trade may go *down* to Montreal, but it will never come *up* to Toronto. That she has also superior advantages of capital at the present time is well understood. Add to these the undue protection now proposed to be accorded to her, and the three advantages combined will just enable her to undersell the Upper Canada merchant sufficiently in one or two leading articles, to draw the buyers to that market. The whole result is easily seen. Attracted thither by the bait of one or two cheap articles, they will be induced to extend and renew their purchases, until the whole trade is gradually but

effectually drawn away from its present Upper Canadian channel, and centre in Montreal. The old retail dodge of exhibiting the cheap sugars to catch the custom for inferior teas will be simply played out upon a wholesale scale.

To assert that the Toronto Merchant has the same facilities, or indeed that it would be possible for him to import his teas from China, his sugar from Cuba, and his coffee from Jamaica, is as absurd as it is incorrect. As the case at present stands, with a capital of ten or twenty thousand pounds, while he deals with New York, he may carry on a pretty extensive business with profit to himself and with satisfaction to his customers. He can go to New York and purchase his supply from an assorted stock of an hundred cargoes, imported on the most favorable terms, and receive from his New York correspondent from 4 to 6 months credit, at a difference not exceeding the interest over a cash purchase. By this arrangement he is virtually provided with capital for the prosecution of his business. But shut him out from this market and drive him to China or Cuba for the same commodities, and what is the result? What was an ample capital under the one system, becomes to him, under the other, only a source of embarrassment and bewilderment. Follow him for a moment, through the new Channel in the purchase of one supply of tea only, and the fallacy of the whole scheme is at once transparent.

In the first place, he would have to purchase either a draft, or goods (the latter not obtainable in Canada) to send to China on sale. Four months would be consumed in reaching that point; two in selecting return cargo; and four in the back voyage. Allowing a safe margin for casualties, this may be set down at twelve months; add six months, being the difference of credit in New York, and this will give a total equal to eighteen months that he is compelled to lie out of his capital before he can realize a single dollar on his goods. Again, suppose for a moment (and the supposition is a legitimate one) that his one cargo were lost, what would be his position? He would either have to suspend his business untill other arrangements could be effected, or be forced into a market where he would be compelled to pay, the twenty per cent. imposed by the new tariff more than his neighbor who might be the owner of a cargo arriving without any such casualty.

And this is the scheme by which Mr. Galt proposes to foster and develop the commerce of the country. Why the whole thing is a burlesque on common sense. What should we think of any one who would attempt, by imposing heavy restrictions in Toronto, to force the small retail grocers of Yorkville to make their purchases in the better and cheaper market of New York? The two cases are precisely analagous. Circumstances might force them to make the attempt, but what would be the result? Why every one can foretel it. Their funds would be exhausted in the first expedition; the larger market would be closed against their few dollars, however they might have served them in Toronto; and their business, that might have kept in very good tune while a convenient and adequate market was open to them, would be peremptorily wound up under the forced system. A second result would be, that their customers, losing their legitimate source of supply in their own village, would be driven to Toronto for their groceries; here they would find other commodities perhaps a trifle cheaper and better, and the whole trade would thus be gradually absorbed by Toronto, and the ruin of the grocers would be followed by the ruin of every other shopkeeper in the village. This may be taken as an illustration of the way in which the proposed scheme would work against Toronto, in favor of Montreal.

"But," says Mr. Galt, "it would be for the advantage and general good of the Province if we could, by these means, encourage our own carrying trade and employ our unremunerative canals and railroads." This sounds very plausible and just. But the question is, is it practicable? We reply, certainly not. The whole scheme is visionary and impossible. It is an enormity to suppose that the mere transition from specific to *ad valorem* duties will change the whole commercial relations of the country, and convert the Province from a secondary to a primary market at a bound. It may give an undue advantage to a select few, and embarrass and even ruin others whose position is only maintained by very slender ties, like the merchants of Upper Canada at the present moment; but to suppose that it will effect any thing beyond this is folly. That such a result as Mr. Galt bargains for would be beneficial to the Province, nobody would attempt to deny. There are thousands of impossibilities that if they could only be realized would be *advantageous* to the Province.

It might be advantageous to grow our own tea in the country, and thereby obviate the difficulties of sending for it altogether. But simply because it would be advantageous to do so, that would not lessen the folly or absurdity of attempting to force our own snow-clad hills into competition with the sunny slopes of Tokien or Quangtang. The attempt of Mr. Galt to destroy the natural current of trade in order to force Montreal into competition with the commercial mart of a great empire, by an unjust imposition on Upper Canada, is almost equally as absurd, while it is infinitely more reprehensible.

But that the object of the scheme is not to foster or encourage our inland navigation is only too apparent. Mr. Galt well knows that, irrespective of the closing of the St. Lawrence for six months in the year, New York is the legitimate port of entry. It is 1500 miles less distance than Montreal; return cargoes may be obtained from thence, but they cannot be obtained from Montreal; and even Mr. Galt himself, with the same breath in which he talks of encouraging our inland navigation, tells us that we of Toronto can follow the example of Montreal, and import *through New York* in bond. If this is to be the case, then, where is the boasted encouragement to our inland navigation? It vanishes at once. What then remains as the object of the scheme? Why simply and solely the forcing of the trade into the grasp, not of Montreal, but of a few leading importers of that city. No other object, or at all events, no other result can be made out. It may add a little to the traffic of the Grand Trunk Railroad; but if Upper Canada is to be taxed for the support of that undertaking, let it be a direct tax that we can all understand, and not combined with a policy that at the same time robs her of the means of paying it by destroying her trade. The gross injustice and inconsistency of such a policy is too glaring to admit of serious discussion; and we shall be much surprised if Upper Canada stand tamely by and suffer it to pass into law.

It must be a source of deep regret that such an unfortunate measure should have been introduced. There are not wanting subjects already of sectional difference; and this, if carried into effect, must inevitably add another link to the ugly chain that already exists. That a strong feeling is already excited in Upper Canada on the subject, and that it will be ten fold increased, should the proposed

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Tariff become law, it is impossible to doubt. It is not to be supposed that Upper Canada will submit quietly to such a piece of injustice, and it is only to be hoped that the chances of exciting an unfavorable outburst of sectional feeling will yet be avoided by changing the resolutions, and according to Upper Canada the same privileges as are conferred upon the lower section. It is only by the ties of commerce and by the maintenance of one identical interest, as far as possible, in the two sections, that they can ever be bound firmly and faithfully together; and it is only by such a union that Canada can ever hope to be prosperous and sound in her commercial affairs. It is, therefore, much to be regretted, that of all questions of issue one of a commercial character should be thrust in between them, to destroy that harmony that it must be the desire of every one to see maintained and strengthened.

The hostile tendency of such a policy will not be confined to Canada alone. In the United States the feeling will be stronger even than it is here. It will be regarded as a direct blow aimed at the trade of New York, and an immediate interference with the working of the Reciprocity Treaty will be the natural retaliation. It may be said that the Treaty cannot be substantially interfered with; but it will be found out, when too late, that in this estimation of the resources of our neighbours in protecting their own interests, we have reckoned without our host. We have already had an earnest of what can be done by way of checks and restrictions, and if no other way were open, this could be rendered sufficiently effective to destroy all the advantage of the Treaty to Canadian commerce. That such a measure will be had recourse to, if the proposed Tariff becomes law, is as certain as is the injustice of the measure that would give occasion for it.

As far as the remedies are concerned, there are but two that present themselves: either that the goods should be entered for duty at the cost at place of growth, or that the present system of specific duties should be retained. The former method is very simple, would be easily worked, and being entirely fair to all parties, could not fail to give general satisfaction. The second works very well at present, and must always be certain with respect to revenue. It matters little which of these is adopted, so that the proposed injustice to Upper Canada, involved in the new Tariff, is not carried into effect.

We shall be something surprised if the Legislature of Canada, which only a few months ago endorsed a measure for giving to the infant manufactories and industrial interest of the Country a large share of incidental protection through a revenue tariff, will, in the very next session, be found repudiating that wholesome principle, and enacting a tariff whose chief object is the bolstering up of a few already wealthy individuals. It is to be hoped that the members for Upper Canada, at least, will look to their own interests in this matter. That they will be found to endorse such an act of injustice to their own section it is impossible to believe. Neither do we believe that the members for Lower Canada will endorse such a policy. Their conduct towards the Upper section has been invariably marked by fairness and good faith, and we cannot think that they will now repudiate that principle and endanger the friendly relation between the two sections by recording their votes in favor of a measure so inimical to their interests of Upper Canada, for the exclusive benefit of a few importing merchants of their own section. It is difficult to tell by whom such a measure may be supported. Surely Mr. Cayley and his supporters, who enacted the Tariff of last year, and adopted specific duties as the most correct in principle, and as being just to all classes, will not now repudiate their votes of last Session, and thereby stamp themselves for ever with inconsistency. It is to be hoped not. Neither do we believe that the Legislature of Canada will lay themselves open to the imputation of having enacted a law so manifestly one-sided in its tendency, and that will carry destruction before it into the whole commercial affairs of the Upper Province.

A MERCHANT.

Toronto, March 14, 1859.

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